



MBIZANA LOCAL MUNICIPALITY
ADJUSTMENTS BUDGET 2013-16 MTREF

28 FEBRUARY 2014

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PART 1 – ADJUSTMENTS BUDGET

1. Mayor's report

The Mbizana Local Municipality has been utilising the 2013/14 annual budget and has been reporting on performances against the budget on a monthly basis as required by Section 71 of the Municipal Finance Management Act No. 56 of 2003. Section 72 of the same act requires that a mid-year performance assessment be carried out to determine the performances as reported in the six monthly reports and those issues highlighted in the latest of those reports. This assessment was done and it revealed that there was under performance on revenue which had resulted in expected revenues not realised.

In the 2012/13 financial period, the municipality had not spent all its allocated conditional grants, and this meant that an application had to be made to the National Treasury for the roll-over of the funds. These roll-overs were approved and as such they need to find expression in the 2013/14 adjustments budget.

The municipality had experienced a protracted period of legal contests, which at the end affected the municipal purse negatively. These legal contestations resulted in unforeseen legal costs which the municipality had to settle to avoid further litigious matters. There was therefore an escalation of legal fees which also needed to find expression in the adjustments budget.

An Executive Committee Lekgotla was held, which resulted in a Turn-around strategy for the municipality. A strategic planning session was also held by management and the Executive Committee, which pointed out more to the fact that the budget needed to be adjusted together with the targets in the Service Delivery and Budget Implementation Plan.

The Budget and Treasury Office facilitated the process of compiling inputs from all departments in the municipality and proposing adjustments that need to be made to the 2013/14 annual budget. Major amongst the issues identified through all the processes were the shortfalls in the electricity infrastructure projects and unforeseen expenditures on legal fees. These had to be funded out of the cash-backed reserves that the municipality has, otherwise there would have been a deficit. Also, the municipality had not budgeted for the depreciation of assets before. This also had to be corrected as it pointed to poor accounting practices.

I therefore recommend that the municipal council approves the adjusted budget tabled with the amendments on the Service Delivery and Budget Implementation Plan.

2. Resolutions

It is recommended that the council approves the following:

- a) The 2013/ 14 MTREF adjustments budget
- b) The adjustments in line with the requirements of s28(2) of the MFMA
- c) Revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan to correspond with the approval of the adjustments.

3. Executive summary

The Adjustments budget was prepared with the main aim of ensuring that services to the people are enhanced. The provision of electricity to rural communities continues to dominate the discussions in the municipality and as such adjustments made in the 2013/14 budget will reflect this. The maintenance of access roads and other infrastructure assets continues to be of importance in the municipality as it ensures that the municipal assets are maintained in good condition.

A number of SDBIP targets had not been met as at the mid-year. This necessitated the revision of the targets and therefore the funding allocations to these targets. The municipality had to realistically look at the achievable targets for the remainder of the year, and therefore allocated funds to those. This was done to ensure that although there may have been changes in the short term, the medium to long term objectives of the municipality are not compromised and at the same time the financial situation of the municipality is maintained as stable.

As indicated earlier, the final adjusted budget 2013/14, was a culmination of a number of processes which are as follows:-

- Executive Committee Lekgotla
- Mid-year assessment report
- Budget Steering Committee sitting
- EXCO and Management Strategic Planning Session
- Departmental Inputs – co-ordinated by Budget and Treasury Office

4. Budget overview

	CURRENT YEAR 2013/14		FORECAST	
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	2014/15	2015/16
Employee Costs	67 735 685	54 320 798	66 408 182	71 059 407
Remuneration of Councillors	15 262 206	15 998 210	16 238 987	17 351 359
Bulk Purchases – Electricity	24 000 000	20 500 000	25 296 000	26 661 984
General Expenses	55 664 765	96 579 350	46 486 062	49 265 674
Repairs & Maintenance	13 478 624	16 801 921	13 557 473	14 289 757
Capital Expenditure	79 580 767	93 261 223	86 673 851	90 573 976
TOTAL	255 722 047	297 461 502	254 660 555	269 202 157

5. Adjustments budget tables

a. Table B1 Adjustments budget summary

EC443 Mbizana - Table B1 Adjustments Budget Summary - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	12 674	-	-	-	-	-	(1 233)	(1 233)	11 441	13 358	14 080
Service charges	31 271	-	-	-	-	-	671	671	31 941	34 159	36 003
Investment revenue	4 090	-	-	-	-	-	-	-	4 090	4 311	4 544
Transfers recognised - operational	129 778	-	-	-	-	-	1 035	1 035	130 813	140 117	176 494
Other own revenue	17 613	-	-	-	-	-	37 166	37 166	54 779	4 735	4 989
Total Revenue (excluding capital transfers and contributions)	195 425	-	-	-	-	-	37 639	37 639	233 065	196 681	236 110
Employee costs	67 736	-	-	-	-	-	(13 415)	(13 415)	54 321	66 408	71 059
Remuneration of councillors	15 262	-	-	-	-	-	736	736	15 998	16 239	17 351
Depreciation & asset impairment	-	-	-	-	-	-	30 068	30 068	30 068	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	24 000	-	-	-	-	-	(3 500)	(3 500)	20 500	25 296	26 662
Transfers and grants	1 400	-	-	-	-	-	-	-	1 400	1 476	1 555
Other expenditure	147 324	-	-	-	-	-	27 851	27 851	175 175	145 242	152 574
Total Expenditure	255 722	-	-	-	-	-	41 739	41 739	297 462	254 661	269 202
Surplus/(Deficit)	(60 297)	-	-	-	-	-	(4 100)	(4 100)	(64 397)	(57 980)	(33 092)
Transfers recognised - capital	60 297	-	-	-	-	-	4 100	4 100	64 397	75 024	78 282
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190
Capital expenditure & funds sources											
Capital expenditure	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574
Transfers recognised - capital	60 297	-	-	-	-	-	2 585	2 585	62 882	75 024	78 282
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	19 584	-	-	-	-	-	10 795	10 795	30 379	11 650	12 292
Total sources of capital funds	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574
Financial position											
Total current assets	142 526	-	-	-	-	-	(7 802)	(7 802)	134 724	130 688	126 652
Total non current assets	296 751	-	-	-	-	-	13 680	13 680	310 431	397 105	487 679
Total current liabilities	22 931	-	-	-	-	-	(7 226)	(7 226)	15 705	13 283	13 283
Total non current liabilities	-	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	416 345	-	-	-	-	-	13 105	13 105	429 450	514 510	601 048
Cash flows											
Net cash from (used) operating	83 917	-	-	-	-	-	1 543	1 543	85 460	86 674	90 574
Net cash from (used) investing	(79 881)	-	-	-	-	-	(13 380)	(13 380)	(93 261)	(86 674)	(90 574)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	130 651	-	-	-	-	-	(11 838)	(11 838)	118 814	118 814	118 814
Cash backing/surplus reconciliation											
Cash and investments available	126 615	-	-	-	-	-	(7 802)	(7 802)	118 814	118 814	118 814
Application of cash and investments	109 992	-	-	-	-	-	(9 610)	(9 610)	100 382	96 576	100 604
Balance - surplus (shortfall)	16 623	-	-	-	-	-	1 808	1 808	18 431	22 238	18 209
Asset Management											
Asset register summary (WDV)	291 206	-	-	-	-	-	13 680	13 680	304 887	391 561	482 135
Depreciation & asset impairment	-	-	-	-	-	-	30 068	30 068	30 068	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	13 479	-	-	-	-	-	3 323	3 323	16 802	13 557	14 290

b. Table B2 Adjustments budget Financial Performance (Standard Classification)

EC443 Mbizana - Table B2 Adjustments Budget Financial Performance (standard classification) - 28 February 2014

Standard Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		96 806	-	-	-	-	-	35 980	35 980	132 786	76 143	91 955
Executive and council		48 720	-	-	-	-	-	5 190	5 190	53 909	34 999	44 355
Budget and treasury office		20 208	-	-	-	-	-	30 398	30 398	50 606	19 627	20 631
Corporate services		27 879	-	-	-	-	-	392	392	28 271	21 517	26 969
<i>Community and public safety</i>		14 602	-	-	-	-	-	(1 645)	(1 645)	12 957	13 495	16 908
Community and social services		14 302	-	-	-	-	-	(1 645)	(1 645)	12 657	13 179	16 574
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		300	-	-	-	-	-	-	-	300	316	333
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		79 198	-	-	-	-	-	11 924	11 924	91 122	110 577	130 310
Planning and development		7 072	-	-	-	-	-	22	22	7 095	5 339	6 592
Road transport		72 126	-	-	-	-	-	11 902	11 902	84 028	105 238	123 718
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		65 116	-	-	-	-	-	(4 519)	(4 519)	60 596	71 490	75 219
Electricity		51 190	-	-	-	-	-	-	-	51 190	63 327	65 127
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		13 925	-	-	-	-	-	(4 519)	(4 519)	9 406	8 163	10 093
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	255 722	-	-	-	-	-	41 739	41 739	297 462	271 705	314 392
Expenditure - Standard												
<i>Governance and administration</i>		97 406	-	-	-	-	-	34 791	34 791	132 197	82 593	88 006
Executive and council		48 720	-	-	-	-	-	5 190	5 190	53 909	46 493	49 682
Budget and treasury office		20 208	-	-	-	-	-	29 809	29 809	50 017	15 493	16 461
Corporate services		28 479	-	-	-	-	-	(208)	(208)	28 271	20 608	21 862
<i>Community and public safety</i>		15 383	-	-	-	-	-	(1 695)	(1 695)	13 688	15 946	16 982
Community and social services		12 725	-	-	-	-	-	(1 170)	(1 170)	11 555	13 145	14 022
Sport and recreation		100	-	-	-	-	-	-	-	100	105	111
Public safety		2 558	-	-	-	-	-	(525)	(525)	2 033	2 896	2 849
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		77 722	-	-	-	-	-	4 057	4 057	81 779	83 582	89 211
Planning and development		8 706	-	-	-	-	-	(378)	(378)	8 329	8 212	8 821
Road transport		68 416	-	-	-	-	-	4 635	4 635	73 050	74 737	79 723
Environmental protection		600	-	-	-	-	-	(200)	(200)	400	632	667
<i>Trading services</i>		65 210	-	-	-	-	-	4 587	4 587	69 797	72 539	75 004
Electricity		51 285	-	-	-	-	-	9 106	9 106	60 391	63 017	64 846
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		13 925	-	-	-	-	-	(4 519)	(4 519)	9 406	9 522	10 158
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	255 722	-	-	-	-	-	41 739	41 739	297 462	254 661	269 202
Surplus/ (Deficit) for the year		0	-	-	-	-	-	(0)	(0)	-	17 044	45 190

The table above depicts the municipality's adjusted financial performance per standard classification. This groups departments or votes according to their standard class.

c. Table B3 Adjustments budgets Financial Performance (revenue and expenditure by municipal vote)

EC443 Mbizana - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28 February 2014

Vote Description (Insert departmental structure etc)	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - EXECUTIVE & COUNCIL		48 720	-	-	-	-	-	5 190	5 190	53 909	34 999	44 355
Vote 2 - BUDGET & TREASURY		20 208	-	-	-	-	-	29 809	29 809	50 017	19 627	20 631
Vote 3 - CORPORATE SERVICES		27 879	-	-	-	-	-	392	392	28 271	21 517	26 969
Vote 4 - COMMUNITY & SOCIAL SERVICES		37 009	-	-	-	-	-	(6 142)	(6 142)	30 867	28 483	35 159
Vote 5 - ENGINEERING SERVICES		121 906	-	-	-	-	-	12 491	12 491	134 397	167 079	187 278
Vote 6 - DEVELOPMENT & PLANNING		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	255 722	-	-	-	-	-	41 739	41 739	297 462	271 705	314 392
Expenditure by Vote	1											
Vote 1 - EXECUTIVE & COUNCIL		48 720	-	-	-	-	-	5 190	5 190	53 909	46 493	49 682
Vote 2 - BUDGET & TREASURY		20 208	-	-	-	-	-	29 809	29 809	50 017	15 493	16 461
Vote 3 - CORPORATE SERVICES		27 879	-	-	-	-	-	392	392	28 271	19 975	21 196
Vote 4 - COMMUNITY & SOCIAL SERVICES		37 009	-	-	-	-	-	(12 871)	(12 871)	24 139	26 938	28 693
Vote 5 - ENGINEERING SERVICES		121 906	-	-	-	-	-	12 491	12 491	134 397	139 657	146 571
Vote 6 - DEVELOPMENT & PLANNING		-	-	-	-	-	-	6 729	6 729	6 729	6 104	6 599
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	255 722	-	-	-	-	-	41 739	41 739	297 462	254 661	269 202
Surplus/ (Deficit) for the year	2	0	-	-	-	-	-	(0)	(0)	-	17 044	45 190

- Executive and Council is made up of Council General Expenses, Mayor's Office, Municipal Manager's Office, and Office of the Speaker.
- Out of the adjustments in revenue we have included R280 500.00 in the form of a grant that was received and spent during the financial year in the Municipal Manager's office. The difference is a re-allocation of the equitable share to ensure the vote's budget ties up to a revenue component.
- The net increase in the Budget & Treasury vote is made of roll-overs for Financial Management Grant (R905 620), Municipal Systems Improvement Grant (R457 926), Integrated Development Planning grant (R200 000) and an amount of R30 067 523 from the accumulated surplus to cater for the depreciation component for the financial year as well as downward adjustment on the revenue for Property rates amounting to R1 232 632 due to challenges with the valuation roll.

- The adjustment in the Corporate Services vote is merely a re-allocation of their share of the equitable share as a result of the budget adjustment engagements.
- Community & Social Services is made of Community Services and Refuse Removal. The net adjustment in the vote is caused by a downward adjustment of R42 905 on the waste management penalties, Dumping site fees, Pound fees and grass cutting from which the department confirmed that they do not see the municipality collecting any revenue within the remaining months of the financial year. There are also grant funds that were included in the form of LED funding: Baleni Carpentry (R62 988), Spatial Development Framework (R500 000), LED Capacity building grant (R117 275), and Expanded Public Works Programme Grant roll-over of R250 098 as well as the re-allocation of their share of the equitable for their contribution into the municipality's infrastructure budget deficit that we had.
- Engineering services includes Road works and engineering and electricity. The increase in revenue results from withdrawal from the municipality's reserves to fund infrastructure shortfalls with an amount of R7 801 609 and R4 100 000 roll-over on Municipal Infrastructure Grant and a re-allocation of the equitable share to fund operational projects.
- The net increase in the executive and council expenditure is caused mainly by an adjustment of R5 600 000 on the legal fees, R280 500 for the grant received during the year under the Municipal Manager's office, R702 874 on the accounting fees to cater for co-sourcing of the internal audit function as per the municipality's plans. Other adjustments were made to fund the overall budget deficit from operational items.
- Included in the net increase in the Budget & Treasury office is an amount of R1 363 546 from approved roll-overs (FMG and MSIG), of which their respective activity plans have been amended accordingly, R1 500 000 for consulting fees to cater for review of the municipality's asset register, data cleansing, annual financial statements compilation and other projects in the office, and R30 067 523 as an allocation for depreciation that was not catered for in the original budget. There were savings from the personnel budget that were used to fund the budget deficit.
- The corporate services department sacrificed the budget for furniture during the remainder of the financial year to ensure that an additional amount of R500 000 is allocated to fuel and oil, R1000 000 to fund training of municipal staff and councillors and some funds were moved from other operational items to fund ICT infrastructure projects with some of the savings taken as a contribution to the reduction of the overall budget deficit.
- The Development Planning Department has been established as a standalone department with LED component moving from Community Services. This has meant that the budget for Community Services has decreased because of movement of functions and funds to the new department. There were also funds

allocated for CCTV cameras, new park offices for DLTC, Road marking, Municipal Pound, casual labour, and an amount of R1 200 000 from the landfill site taken to the municipality's deficit funding.

- In the Engineering Services vote an amount of R2 000 000 was set aside for the completion of municipal offices which had been re-allocated from the Bus Rank, R3 189 297 set aside as an addition to road maintenance budget, R13 704 658 to fund electricity infrastructure which includes the 5 MVA, 22Kv dedicated line, Matwebu/Ngqubushini electrification(Eskom 5%, standing time, and link line upgrade), R900 000 for licensing station, and taken from operational items to fund the deficit on the overall municipal budget.
- The increase on Development planning is as a result of LED projects and projects for town planning and land administration that have formed the new municipal vote.

d. Table B4 Adjustments budget Financial Performance (revenue and expenditure)

EC443 Mbizana - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	12 674	-	-	-	-	-	(1 233)	(1 233)	11 441	13 358	14 080
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	30 371	-	-	-	-	-	672	672	31 043	33 169	34 960
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	889	-	-	-	-	-	(1)	(1)	888	978	1 031
Service charges - other		11								11	11	12
Rental of facilities and equipment		688								688	725	764
Interest earned - external investments		4 090								4 090	4 311	4 544
Interest earned - outstanding debtors		92								92	97	102
Dividends received												
Fines		389						(21)	(21)	368	410	432
Licences and permits		1 476								1 476	1 556	1 639
Agency services		629								629	663	699
Transfers recognised - operating		129 778						1 035	1 035	130 813	140 117	176 494
Other revenue	2	14 339	-	-	-	-	-	37 187	37 187	51 527	1 285	1 353
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		195 425	-	-	-	-	-	37 639	37 639	233 065	196 681	236 110
Expenditure By Type												
Employee related costs		67 736	-	-	-	-	-	(13 415)	(13 415)	54 321	66 408	71 059
Remuneration of councillors		15 262						736	736	15 998	16 239	17 351
Debt impairment		4 036						-	-	4 036	-	-
Depreciation & asset impairment		-	-	-	-	-	-	30 068	30 068	30 068	-	-
Finance charges		-								-	-	-
Bulk purchases		24 000	-	-	-	-	-	(3 500)	(3 500)	20 500	25 296	26 662
Other materials		-								-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-
Transfers and grants		1 400						-	-	1 400	1 476	1 555
Other expenditure		143 288	-	-	-	-	-	27 851	27 851	171 139	145 242	152 574
Loss on disposal of PPE												
Total Expenditure		255 722	-	-	-	-	-	41 739	41 739	297 462	254 661	269 202
Surplus/(Deficit)		(60 297)	-	-	-	-	-	(4 100)	(4 100)	(64 397)	(57 980)	(33 092)
Transfers recognised - capital		60 297						4 100	4 100	64 397	75 024	78 282
Contributions												
Contributed assets												
Surplus/(Deficit) before taxation		0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190
Taxation												
Surplus/(Deficit) after taxation		0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190
Share of surplus/ (deficit) of associate												
Surplus/ (Deficit) for the year		0	-	-	-	-	-	(0)	(0)	(0)	17 044	45 190

- The decrease on property rates is as a result the assessment of the current performance. This is mainly caused by the challenges around the review and implementation of valuation roll which was used as the bases for the estimates of anticipated revenue.
- The increase on the Electricity revenue is as a result of the correction of electricity revenue that was incorrectly classified in the original budget.
- Refuse revenue has decreased because of the dumping fees that have been cut off the budget due to the challenges with the municipality's dumping site.

- Fines have also been adjusted down as a result of the downward adjustment on waste management penalties as mentioned in the earlier explanations.
- Transfers recognised – operating have been adjusted upwards as a result of the approved roll-over and other grants operating grants that were not included in the municipality's original budget.
- The increase on other revenue is only as a result of the contributions from reserves and/or accumulated surpluses to fund the infrastructure budget as mentioned in prior paragraphs.
- The downward adjustment of the employee related costs resulted from an exercise that showed the municipality had over budgeted for personnel expenditure and such savings taken to fund other areas that needed additional funding including the legal fees that escalated during the financial year and some of the electricity infrastructure shortfalls.
- The increase on the remuneration of councillors is to cater for a 5% increase on their earnings.
- The depreciation figure is a new figure as this was not catered for in the original budget and it is a requirement that such expenditure be catered for as it is guaranteed to be incurred as long as the municipality still has assets and non-allocation results in huge unauthorised expenditure at the end of the financial year.
- Looking at the current trend on bulk purchases and past year performance, there was a need to adjust down the electricity bulk purchases budget by R3 500 000.
- The increase on other expenditure includes increases on infrastructure budget, especially electricity, increases in repairs and maintenance with the major contributor being road maintenance, expenditure on municipal offices, licensing station and other smaller operating items.
- The increase on transfers recognised – capital is only as a result the approved roll over on Municipal Infrastructure Grant.

e. Table B5 Adjustments Capital Expenditure Budget by vote and funding

EC443 Mbizana - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - ENGINEERING SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - DEVELOPMENT & PLANNING		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		3 331	-	-	-	-	-	(700)	(700)	2 631	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		6 353	-	-	-	-	-	(2 853)	(2 853)	3 500	1 637	1 738
Vote 5 - ENGINEERING SERVICES		70 197	-	-	-	-	-	15 933	15 933	86 130	85 037	88 836
Vote 6 - DEVELOPMENT & PLANNING		-	-	-	-	-	-	1 000	1 000	1 000	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574
Total Capital Expenditure - Vote		79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574
Capital Expenditure - Standard												
Governance and administration		3 931	-	-	-	-	-	(1 300)	(1 300)	2 631	632	667
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-
Corporate services		3 931	-	-	-	-	-	(1 300)	(1 300)	2 631	632	667
Community and public safety		1 953	-	-	-	-	-	(53)	(53)	1 900	1 637	1 735
Community and social services		700	-	-	-	-	-	800	800	1 500	318	337
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1 253	-	-	-	-	-	(853)	(853)	400	1 320	1 399
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		47 497	-	-	-	-	-	3 129	3 129	50 626	51 770	55 395
Planning and development		800	-	-	-	-	-	200	200	1 000	-	-
Road transport		46 697	-	-	-	-	-	2 929	2 929	49 626	51 770	55 395
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		26 500	-	-	-	-	-	11 605	11 605	38 105	32 635	32 777
Electricity		22 500	-	-	-	-	-	13 805	13 805	36 305	32 635	32 777
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		4 000	-	-	-	-	-	(2 200)	(2 200)	1 800	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574
Funded by:												
National Government		60 297	-	-	-	-	-	2 085	2 085	62 382	75 024	78 282
Provincial Government		-	-	-	-	-	-	500	500	500	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	60 297	-	-	-	-	-	2 585	2 585	62 882	75 024	78 282
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		19 584	-	-	-	-	-	10 795	10 795	30 379	11 650	12 292
Total Capital Funding		79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574

- The above Table depicts the impact of the adjustments mentioned in earlier sections on the municipality's capital budget and funding of such a budget.

f. Table B6 Adjustments budget Financial Position

EC443 Mbizana - Table B6 Adjustments Budget Financial Position - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
ASSETS												
Current assets												
Cash		10 130							-	10 130	10 130	10 130
Call investment deposits	1	116 485	-	-	-	-	-	(7 802)	(7 802)	108 683	108 683	108 683
Consumer debtors	II	9 599	-	-	-	-	-	-	-	9 599	5 563	1 527
Other debtors		4 470						-	-	4 470	4 470	4 470
Current portion of long-term receivables		1 495						-	-	1 495	1 495	1 495
Inventory		347						-	-	347	347	347
Total current assets		142 526	-	-	-	-	-	(7 802)	(7 802)	134 724	130 688	126 652
Non current assets												
Long-term receivables									-	-		
Investments									-	-		
Investment property		5 544						-	-	5 544	5 544	5 544
Investment in Associate									-	-		
Property, plant and equipment	1	291 206	-	-	-	-	-	13 680	13 680	304 887	391 561	482 135
Agricultural									-	-		
Biological									-	-		
Intangible									-	-		
Other non-current assets									-	-		
Total non current assets		296 751	-	-	-	-	-	13 680	13 680	310 431	397 105	487 679
TOTAL ASSETS		439 276	-	-	-	-	-	5 879	5 879	445 155	527 793	614 331
LIABILITIES												
Current liabilities												
Bank overdraft									-	-		
Borrowing		12 552	-	-	-	-	-	-	-	12 552	12 552	12 552
Consumer deposits		403							-	403	403	403
Trade and other payables		9 976	-	-	-	-	-	(7 226)	(7 226)	2 750	328	328
Provisions									-	-		
Total current liabilities		22 931	-	-	-	-	-	(7 226)	(7 226)	15 705	13 283	13 283
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		22 931	-	-	-	-	-	(7 226)	(7 226)	15 705	13 283	13 283
NET ASSETS	2	416 345	-	-	-	-	-	13 105	13 105	429 450	514 510	601 048
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		302 282	-	-	-	-	-	20 906	20 906	323 188	408 248	494 786
Reserves		114 063	-	-	-	-	-	(7 802)	(7 802)	106 261	106 261	106 261
TOTAL COMMUNITY WEALTH/EQUITY		416 345	-	-	-	-	-	13 105	13 105	429 450	514 510	601 048

- The above table depicts the municipality's financial position after taking into account the proposed adjustments and it is important to mention that this is based on the audited results of the municipality since this was not part of the original budget. The major thing on this one is the split of the accumulated surplus to show also the cash backed part of our reserves as a requirement by National Treasury to test the sustainability of the municipality as a going concern.

g. Table B7 Adjustments budget Cash Flows

EC443 Mbizana - Table B7 Adjustments Budget Cash Flows - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavold. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		61 465						(1 254)	(1 254)	60 211	52 155	54 970
Government - operating	1	129 778							-	129 778	140 117	176 494
Government - capital	1	60 297							-	60 297	75 024	78 282
Interest		4 182							-	4 182	4 408	4 646
Dividends									-	-		
Payments												
Suppliers and employees		(170 405)						2 797	2 797	(167 608)	(183 555)	(222 262)
Finance charges									-	-		
Transfers and Grants	1	(1 400)							-	(1 400)	(1 476)	(1 555)
NET CASH FROM/(USED) OPERATING ACTIVITIES		83 917	-	-	-	-	-	1 543	1 543	85 460	86 674	90 574
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables									-	-		
Decrease (increase) in non-current investments									-	-		
Payments												
Capital assets		(79 881)						(13 380)	(13 380)	(93 261)	(86 674)	(90 574)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(79 881)	-	-	-	-	-	(13 380)	(13 380)	(93 261)	(86 674)	(90 574)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits									-	-		
Payments												
Repayment of borrowing									-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		4 036	-	-	-	-	-	(11 838)	(11 838)	(7 802)	-	-
Cash/cash equivalents at the year begin:	2	126 615							-	126 615	118 814	118 814
Cash/cash equivalents at the year end:	2	130 651						(11 838)		118 814	118 814	118 814

- The above table shows projected cash flows as a result of the adjustments and also taking into account the audited results as the bases for the estimates.

h. Table B8 Cash backed reserves/accumulated surplus reconciliation

EC443 Mbizana - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	130 651	-	-	-	-	-	(11 838)	(11 838)	118 814	118 814	118 814
Other current investments > 90 days		(4 036)	-	-	-	-	-	4 036	4 036	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		126 615	-	-	-	-	-	(7 802)	(7 802)	118 814	118 814	118 814
Applications of cash and investments												
Unspent conditional transfers		9 648	-	-	-	-	-	(7 226)	(7 226)	2 422	-	-
Unspent borrowing									-	-		
Statutory requirements									-	-		
Other working capital requirements	2	(13 719)	-					5 418	5 418	(8 301)	(9 685)	(5 657)
Other provisions									-	-		
Long term investments committed		-	-						-	-		
Reserves to be backed by cash/investments		114 063	-					(7 802)	(7 802)	106 261	106 261	106 261
Total Application of cash and investments:		109 992	-	-	-	-	-	(9 610)	(9 610)	100 382	96 576	100 604
Surplus(shortfall)		16 623	-	-	-	-	-	1 808	1 808	18 431	22 238	18 209

i. Table B9 Asset Management

EC443 Mbizana - Table B9 Asset Management - 28 February 2014

		Budget Year 2013/14										Budget Year +1 2014/15	Budget Year +2 2015/16
Description	Ref	Original Budget	Prior Adjusted 7	Accum. Funds 8	Multi-year capital 9	Unfore. Unavoid. 10	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget	
R thousands		A	A1	B	C	D	E	F	G	H			
CAPITAL EXPENDITURE													
Total New Assets to be adjusted	1	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574	
Infrastructure - Road transport		40 297	-	-	-	-	-	2 085	2 085	42 382	45 024	48 282	
Infrastructure - Electricity		22 800	-	-	-	-	-	12 905	12 905	35 705	32 951	33 111	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		5 000	-	-	-	-	-	(3 200)	(3 200)	1 800	2 108	2 222	
Infrastructure		68 097	-	-	-	-	-	11 790	11 790	79 887	80 083	83 614	
Community		5 053	-	-	-	-	-	2 558	2 558	7 611	4 638	4 891	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	6 731	-	-	-	-	-	(967)	(967)	5 764	1 953	2 068	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	-	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure to be adjusted	4	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		40 297	-	-	-	-	-	2 085	2 085	42 382	45 024	48 282	
Infrastructure - Electricity		22 800	-	-	-	-	-	12 905	12 905	35 705	32 951	33 111	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		5 000	-	-	-	-	-	(3 200)	(3 200)	1 800	2 108	2 222	
Infrastructure		68 097	-	-	-	-	-	11 790	11 790	79 887	80 083	83 614	
Community		5 053	-	-	-	-	-	2 558	2 558	7 611	4 638	4 891	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets		6 731	-	-	-	-	-	(967)	(967)	5 764	1 953	2 068	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE to be adjusted	2	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574	
ASSET REGISTER SUMMARY - PPE (WDV)													
Infrastructure - Road transport	5	141 101	-	-	-	-	-	13 680	13 680	154 781	176 449	199 093	
Infrastructure - Electricity		53 934	-	-	-	-	-	-	-	53 934	75 603	98 246	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		195 035	-	-	-	-	-	13 680	13 680	208 715	252 052	297 339	
Community		40 489	-	-	-	-	-	-	-	40 489	62 158	84 801	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		5 544	-	-	-	-	-	-	-	5 544	5 544	5 544	
Other assets		50 138	-	-	-	-	-	-	-	50 138	71 807	94 450	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	291 206	-	-	-	-	-	13 680	13 680	304 887	391 561	482 135	
EXPENDITURE OTHER ITEMS													
Depreciation & asset impairment	3	-	-	-	-	-	-	30 068	30 068	30 068	-	-	
Repairs and Maintenance by asset class		13 479	-	-	-	-	-	3 323	3 323	16 802	13 557	14 290	
Infrastructure - Road transport		11 000	-	-	-	-	-	3 514	3 514	14 514	11 561	12 185	
Infrastructure - Electricity		605	-	-	-	-	-	(251)	(251)	354	637	671	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		150	-	-	-	-	-	-	-	150	158	167	
Infrastructure		11 755	-	-	-	-	-	3 263	3 263	15 019	12 356	13 023	
Community		-	-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	1 723	-	-	-	-	-	60	60	1 783	1 201	1 266	
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		13 479	-	-	-	-	-	33 391	33 391	46 869	13 557	14 290	
% of capital exp on renewal of assets		0,0%	0,0%							0,0%	0,0%	0,0%	
Renewal of existing assets as % of deprecn		0,0%	0,0%							0,0%	0,0%	0,0%	
R&M as a % of PPE		4,6%	0,0%							5,5%	3,5%	3,0%	
Renewal and R&M as a % of PPE		4,6%	0,0%							5,5%	3,5%	3,0%	

PART 2 – SUPPORTING DOCUMENTATION

6. Adjustments to budget assumptions

The only change in the budget assumptions is the addition of a 5% increase on the remuneration of councillors.

7. Adjustments to budget funding

Revenue on property rates was adjusted down and included all grants that were not included to fund their planned programmes for the financial year. There was also a portion of the cash backed accumulated surplus that was made available to fund some of the infrastructure programmes that needed funding over and above the originally allocated funding.

8. Adjustments to expenditure on allocations and grant programmes

EC443 Mbizana - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28 February 2014

Description	Ref	Budget Year 2013/14						Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F	
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1								
Operating expenditure of Transfers and Grants									
National Government:		149 467	–	–	–	1 614	1 614	151 081	171 424
Local Government Equitable Share		126 027				–	–	126 027	138 890
EPWP Incentive		1 000				250	250	1 250	–
Finance Management		1 550				906	906	2 456	1 600
Municipal Systems Improvement		890				458	458	1 348	934
Integrated National Electrification Programme		20 000				–	–	20 000	30 000
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	461	461	461	–
Local Economic Development						180	180	180	
						281	281	281	
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	700	700	700	–
Integrated Development Planning						200	200	200	
Spatial Development Framework						500	500	500	
Other grant providers:		–	–	–	–	–	–	–	–
[insert description]						–	–	–	
Total operating expenditure of Transfers and Grants:		149 467	–	–	–	2 774	2 774	152 241	171 424
Capital expenditure of Transfers and Grants									
National Government:		40 297	–	–	–	4 104	4 104	44 401	45 024
Municipal Infrastructure Grant (MIG)		40 297				4 104	4 104	44 401	45 024
						–	–	–	
						–	–	–	
Other capital transfers [insert description]		–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–
[insert description]						–	–	–	
District Municipality:		–	–	–	–	–	–	–	–
[insert description]						–	–	–	
Other grant providers:		–	–	–	–	–	–	–	–
[insert description]						–	–	–	
Total capital expenditure of Transfers and Grants		40 297	–	–	–	4 104	4 104	44 401	45 024
Total capital expenditure of Transfers and Grants		189 764	–	–	–	6 879	6 879	196 643	216 448

Activity plans of the allocation that had adjustments will be revised to include the expenditure plans allocated for during this adjustment budget.

9. Adjustments to allocations or grants made by the municipality

EC443 Mbizana - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	6	7	8	9	10	11	12	13		
Cash transfers to other municipalities												
<i>(insert description)</i>	1								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to Entities/Other External Mechanisms												
<i>(insert description)</i>	2								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organs of State												
<i>(insert description)</i>	3								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organisations												
<i>(insert description)</i>	4								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS	5	-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other municipalities												
<i>(insert description)</i>	1								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to Entities/Other External Mechanisms												
<i>(insert description)</i>	2								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organs of State												
<i>(insert description)</i>	3								-	-		
<i>(insert description)</i>									-	-		
<i>(insert description)</i>									-	-		
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organisations												
Free Basic Electricity	4	1 000							-	1 000	1 054	1 111
Other Free Basic Services		400							-	400	422	444
<i>(insert description)</i>									-	-		
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		1 400	-	-	-	-	-	-	-	1 400	1 476	1 555
TOTAL NON-CASH TRANSFERS	5	-	-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS		-	-	-	-	-	-	-	-	-	-	-

There is no movement on the grants and subsidies made by the municipality owing to the indigent register that has not been reviewed over the years and therefore there is no base for such an allocation.

10. Adjustments to councillor allowances and employee benefits

EC443 Mbizana - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28 February 2014

Summary of remuneration	Ref	Budget Year 2013/14									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		6 361						2 960	2 960	9 321	46,5%
Pension and UIF Contributions		1 590						(1 223)	(1 223)	367	-76,9%
Medical Aid Contributions		1 590						(716)	(716)	874	-45,1%
Motor Vehicle Allowance		3 534						80	80	3 613	2,3%
Cellphone Allowance		726						99	99	825	
Housing Allowances											
Other benefits and allowances		1 461						(463)	(463)	998	
Sub Total - Councillors		15 262	-			-		736	736	15 998	4,8%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		5 647						-	-	5 647	0,0%
Pension and UIF Contributions											
Medical Aid Contributions											
Overtime											
Performance Bonus											
Motor Vehicle Allowance											
Cellphone Allowance		54						-	-	54	0,0%
Housing Allowances											
Other benefits and allowances		5 146						-	-	5 146	
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	5										
Sub Total - Senior Managers of Municipality		10 847	-	-		-		-	-	10 847	0,0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		43 699						(18 094)	(18 094)	25 605	-41,4%
Pension and UIF Contributions		5 416						(3 541)	(3 541)	1 875	-65,4%
Medical Aid Contributions		2 109						(764)	(764)	1 346	-36,2%
Overtime		360						240	240	600	66,6%
Performance Bonus								-	-		
Motor Vehicle Allowance		1 518						961	961	2 479	63,3%
Cellphone Allowance		1 123						(814)	(814)	310	-72,4%
Housing Allowances		708						811	811	1 519	
Other benefits and allowances		1 954						7 786	7 786	9 740	
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	5										
Sub Total - Other Municipal Staff		56 889	-	-	-	-	-	(13 415)	(13 415)	43 474	-23,6%
% increase											
Total Parent Municipality		82 998	-	-	-	-	-	(12 679)	(12 679)	70 319	-15,3%

11. Adjustments to service delivery and budget implementation plan

The adjusted service delivery and budget implementation will be tabled separately from the budget document but taking into account the adjustments in this document.

12. Adjustments to capital expenditure

EC443 Mbizana - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class - 28 February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget A	Prior Adjusted 7 A1	Accum. Funds 8 B	Multi-year capital 9 C	Unfore. Unavoid. 10 D	Nat. or Prov. Govt. 11 E	Other Adjusts. 12 F	Total Adjusts. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget
R thousands												
Capital expenditure on new assets by Asset Class/Sub-class												
Infrastructure		68 097	-	-	-	-	-	11 790	11 790	79 887	80 083	83 614
Infrastructure - Road transport		40 297	-	-	-	-	-	2 085	2 085	42 382	45 024	48 282
Roads, Pavements & Bridges		40 297	-	-	-	-	-	2 085	2 085	42 382	45 024	48 282
Storm water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		22 800	-	-	-	-	-	12 905	12 905	35 705	32 951	33 111
Generation		-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation		22 000	-	-	-	-	-	13 705	13 705	35 705	32 108	32 222
Street Lighting		800	-	-	-	-	-	(800)	(800)	-	843	889
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		5 000	-	-	-	-	-	(3 200)	(3 200)	1 800	2 108	2 222
Refuse		3 000	-	-	-	-	-	(1 200)	(1 200)	1 800	-	-
Transportation	2	2 000	-	-	-	-	-	(2 000)	(2 000)	-	2 108	2 222
Gas		-	-	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-	-	-
Community		5 053	-	-	-	-	-	2 558	2 558	7 611	4 638	4 891
Parks & gardens		-	-	-	-	-	-	-	-	-	-	-
Sports Fields & stadia		-	-	-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-	-	-
Community halls		2 400	-	-	-	-	-	-	-	2 400	2 108	2 222
Libraries		-	-	-	-	-	-	-	-	-	-	-
Recreational facilities		1 200	-	-	-	-	-	(1 189)	(1 189)	11	1 265	1 333
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-	-
Security and policing		200	-	-	-	-	-	200	200	400	-	-
Buses		-	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-	-	-
Other		1 253	-	-	-	-	-	3 547	3 547	4 800	1 265	1 336
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Other assets		6 731	-	-	-	-	-	(967)	(967)	5 764	1 953	2 088
General vehicles		1 631	-	-	-	-	-	100	100	1 731	527	555
Specialised vehicles	18	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment		1 100	-	-	-	-	-	(767)	(767)	333	106	111
Computers - hardware/equipment		1 800	-	-	-	-	-	(600)	(600)	1 200	632	667
Furniture and other office equipment		1 000	-	-	-	-	-	(700)	(700)	300	-	-
Abattoirs		-	-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		1 200	-	-	-	-	-	1 000	1 000	2 200	688	735
Other Buildings		-	-	-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets to be adjusted	1	79 881	-	-	-	-	-	13 380	13 380	93 261	86 674	90 574

Quality Certificate

I, L. MAHLAKA, municipal manager of Mbizana Local Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name LUVUYO MAHLAKA

Municipal Manager of Mbizana Local Municipality (EC443)

Signature 

Date 28/02/2014